Introduced by Senator Ashburn

February 22, 2005

An act to amend Section 30061 of the Government Code, relating to law enforcement funding Section 97.72 of, and to add Section 97.721 to, the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 732, as amended, Ashburn. Law enforcement funding: districts. Local government finance: enterprise special districts.

Existing law includes specified districts in San Mateo, Kern, Siskiyou, and Contra Costa Counties within provisions allocating supplemental law enforcement funds to various local jurisdictions.

This bill would revise the specification of districts that qualify to receive that supplemental law enforcement funding.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing law requires the auditor to reduce, for the 2004-05 and 2005-06 fiscal years, the total amount of property tax revenue that is otherwise required to be allocated to an enterprise special district, as defined, by an amount calculated by the Controller pursuant to a specified formula, and to reallocate these revenues to the county Educational Revenue Augmentation Fund (ERAF).

 $SB 732 \qquad \qquad -2-$

This bill would, for the 2005-06 fiscal year, limit the amount of this reduction for an enterprise special district that meets certain criteria to the lesser of 40% of the district's total ad valorem property tax revenues for the 2001-02 fiscal year, as specified, or 5% of the district's total revenues for the 2001-02 fiscal year, as specified. This bill would also require the Controller, in making the reduction calculations for the 2005-06 fiscal year for all special districts, to ensure that this bill does not result in a net increase in the total amount of the reduction for any special district for the 2005-06 fiscal year from the total amount of the reduction determined for that special district for the 2004-05 fiscal year.

This bill would also require the county auditor, for the 2005-06 fiscal year, to increase the total amount of ad valorem property tax revenue otherwise allocated to a qualified enterprise special district, as defined, by the district public safety amount, as defined, and to commensurately decrease the total amount of ad valorem property tax revenue otherwise allocated to the county ERAF by the countywide district public safety amount, as defined. This bill would require the Controller to determine these amounts and to notify county auditors of these amounts on or before June 30, 2006.

By changing the manner in which county auditors allocate ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 97.72 of the Revenue and Taxation Code
- 2 is amended to read:

-3-**SB 732**

97.72. Notwithstanding any other provision of law, for each of the 2004–05 and 2005–06 fiscal years, all of the following

1

2

3 4

5

8

9

10

11

12

13

14

15

16

17

18

19

20

21 22

23

24

25

26

27

28

29

30

31

32

33

34

36

37

- (a) (1) (A) (i) Except as otherwise provided in clauses (ii) and (iii), the total amount of ad valorem property tax revenue, other than these revenues that are pledged to debt service, otherwise allocated for each of those fiscal years to each enterprise special district shall be reduced by the lesser of the following:
- (I) Forty percent of the amount of ad valorem property tax revenue of the district for the 2001–02 fiscal year, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report.
- (II) An amount equal to 10 percent of that district's total revenues for the 2001–02 fiscal year, from whatever source, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report.
- (ii) The total amount of ad valorem property tax revenue otherwise allocated for each of those fiscal years to each enterprise special district that is a transit district shall be reduced by 3 percent of the amount of ad valorem property tax revenue of the district for the 2001-02 fiscal year, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report.
- (iii) The total amount of ad valorem property tax revenue otherwise allocated for each of those fiscal years to an enterprise special district that also performs, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report, nonenterprise functions other than fire protection or police protection shall be decreased by both of the following, not to exceed 10 percent of a district's total revenues from whatever source, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report:
- (I) Forty percent of the amount of ad valorem property tax 35 revenue of the district's enterprise functions for the 2001–02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.
 - (II) Ten percent of the amount of ad valorem property tax revenue of the district's nonenterprise functions for the 2001–02

SB 732 —4—

2

3

4

5

6

7

8

10

11 12

13

14

15

16 17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36 37

38

39

fiscal year, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report.

- (B) If an enterprise special district is located in more than one county, the auditor of each county in which that enterprise special district is located shall implement that portion of the total reduction, required by subparagraph (A) with respect to that district, determined by the ratio of the amount of ad valorem property tax revenue allocated to that district from the county to the total amount of ad valorem property tax revenue allocated to that district from all counties.
- (2) (A) The Controller shall determine the amount of the ad valorem property tax revenue reduction required by paragraph (1) for each enterprise special district in each county. The Controller shall then determine whether the total amount of ad valorem property tax revenue reductions under paragraph (1) and Section 97.73 is less than three hundred fifty million dollars (\$350,000,000). If, for either the 2004–05 or 2005–06 fiscal year, the total-of the amount of these reductions is less than three hundred fifty million dollars (\$350,000,000), the total amount of ad valorem property tax revenue allocated to each enterprise special district, other than an enterprise special district that is a transit district, shall be reduced by an additional amount equal to that district's proportionate share of the difference, provided that the total reduction under this section for a district shall not exceed 10 percent of that district's revenue from whatever source for the 2001–02 fiscal year, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report. If, as a result of this 10-percent limitation, any portion of the difference remains unapplied, that remaining portion shall, as many times as necessary, be applied in proportionate shares among those enterprise special districts, other than transit districts, for which the 10-percent limitation has not been reached, until a three hundred fifty million dollar reduction (\$350,000,000) has been applied. The Controller shall, on or before October 25, 2004, notify the Director of Finance of the reduction amounts determined under this subdivision. The Director of Finance shall, on or before November 12, 2004, notify each county auditor of the allocation reductions required by this paragraph and Section 97.73.

5 SB 732

(B) (i) Notwithstanding any other provision of law, for the 2005-06 fiscal year, for an enterprise special district with a total budget not exceeding two million dollars (\$2,000,000) and with not less than 20 percent of its total expenditures allocated to a police protection nonenterprise function with certified peace officers, as described in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, for the 2001-02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report, the amount of the reduction under this section shall not exceed the lesser of the following two amounts:

1 2

- (I) Forty percent of the amount of ad valorem property tax revenue of the district for the 2001-02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.
- (II) Five percent of that district's total revenues, from whatever source, for the 2001-02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.
- (ii) Notwithstanding any other provision of law, in making the determinations required by subparagraph (A), the Controller shall ensure that the operation of this subparagraph does not result in a net increase in the total amount of the reduction for any special district required by this section or Section 97.73 for the 2005-06 fiscal year from the total amount of the reduction determined under those provisions for that special district for the 2004-05 fiscal year.
- (iii) On or before January 7, 2006, the Controller shall notify the Director of Finance of the reduction amounts determined under this subparagraph. The Director of Finance shall, on or before January 21, 2005, notify each applicable county auditor of the allocation adjustments required by this subparagraph.
- (b) That amount of ad valorem property tax revenue that is not allocated to an enterprise special district as a result of subdivision (a) shall instead be deposited in the county Educational Revenue Augmentation Fund and shall be allocated as specified in subdivision (d) of Section 97.3.
 - (c) For purposes of this section, all of the following apply:
- 39 (1) "Enterprise special district" means a special district that 40 performs, as reported in the 2001–02 edition of the State

SB 732 -6-

1 Controller's Special Districts Annual Report, an enterprise 2 function. "Enterprise special district" does not include a fire 3 protection district that was formed under the Shade Tree Law of 4 1909 set forth in Article 2 (commencing with Section 25620) of 5 Chapter 7 of Division 2 of Title 3 of the Government Code, a

- 6 local health care district as described in Division 23
- 7 (commencing with Section 32000) of the Health and Safety 8 Code, or a qualified special district as defined in Section 97.34.
 - (2) With respect to an enterprise special district that also performs, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report, a police protection nonenterprise function with certified peace officers, as described in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, or a fire protection nonenterprise function, "the amount of ad valorem property tax revenue of the district for the 2001–02 fiscal year" does not include ad valorem property tax revenue of that district for fire protection or police protection nonenterprise functions, as reported in the 2001–02 edition of the State Controller's Special Districts Annual Report.
 - (3) For purposes of this section, "revenues that are pledged to debt service" includes only those amounts required as the sole source of repayment to pay debt service costs in the 2002–03 fiscal year on debt instruments issued by an enterprise special district for the acquisition of fixed assets. For purposes of this paragraph, "fixed assets" means land, buildings, equipment, and improvements, including improvements to buildings.
 - (d) For the purposes of this section, if a special district's financial transactions do not appear in the 2001–02 edition of the State Controller's Special Districts Annual Report, the Controller shall use the most recent data available for that district.
 - (e) For the 2005–06 fiscal year and each fiscal year thereafter, the amounts determined under subdivision (a) of Section 96.1, or any successor to that provision, shall not reflect, for a preceding fiscal year, any portion of any allocation required by this section.
- 35 SEC. 2. Section 97.721 is added to the Revenue and Taxation 36 Code, to read:
- 97.721. (a) Notwithstanding any other provision of law, for the 2005-06 fiscal year, the county auditor shall do both of the following:

__7__ SB 732

(1) Increase the total amount of ad valorem property tax revenue otherwise required to be allocated to a qualified enterprise special district by the district public safety amount.

- (2) Decrease the total amount of ad valorem property tax revenue otherwise required to be allocated to the county Educational Revenue Augmentation Fund by the countywide district public safety amount.
 - (b) For purposes of this section, all of the following apply:
- (1) "Qualified enterprise special district" means an enterprise special district, as defined in Section 97.72, with a total budget not exceeding two million dollars (\$2,000,000) and with not less than 20 percent of its total expenditures allocated to a police protection nonenterprise function with certified peace officers, as described in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, for the 2001-02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.
- (2) "District public safety amount" means an amount equal to the difference between the following two amounts:
- (A) The amount of the reduction under Section 97.72 for the qualified enterprise special district for the 2004-05 fiscal year.
 - (B) The lesser of the following two amounts:
- (i) Forty percent of the amount of ad valorem property tax revenue of the qualified enterprise special district for the 2001-02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.
- (ii) Five percent of the qualified special district's total revenues, from whatever source, for the 2001-02 fiscal year, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.
- (3) "Countywide district public safety amount" means the total sum of the amounts determined under paragraph (2) for all qualified special districts within a county.
- (4) "The amount of ad valorem property tax revenue of the qualified enterprise special district for the 2001-02 fiscal year" does not include ad valorem property tax revenue of that district for fire protection or police protection nonenterprise functions, as reported in the 2001-02 edition of the State Controller's Special Districts Annual Report.

-8-

(5) (A) On or before June 30, 2006, the Controller shall determine the district public safety amounts for each qualified enterprise special district, determine the countywide district public safety amounts for each applicable county, and notify the auditors of these counties of these amounts.

- (B) If a qualified special district's financial transactions do not appear in the 2001-02 edition of the State Controller's Special Districts Annual Report, the Controller shall use the most recent data available for that district.
- (c) For the 2006-07 fiscal year and each fiscal year thereafter, the amounts determined under subdivision (a) of Section 96.1, or any successor to that provision, shall not reflect, for a preceding fiscal year, any portion of any allocation required by this section.
- SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SECTION 1. Section 30061 of the Government Code is amended to read:

- 30061. (a) (1) As used in this section, "district" means a district described and named in Section 53060.7.
- (2) There shall be established in each county treasury a Supplemental Law Enforcement Services Fund (SLESF), to receive all amounts allocated to a county for purposes of implementing this chapter.
- (b) In any fiscal year for which a county receives moneys to be expended for the implementation of this chapter, the county auditor shall allocate moneys in the county's SLESF, including any interest or other return carned on the investment of those moneys, within 30 days of the deposit of those moneys into the fund, and shall allocate those moneys in accordance with the requirements set forth in this subdivision. However, the auditor shall not transfer those moneys to a recipient agency until the Supplemental Law Enforcement Oversight Committee certifies receipt of an approved expenditure plan from the governing board of that agency.
- (1) Five and fifteen one hundredths percent to the county sheriff for county jail construction and operation. In the case of

-9- SB 732

Madera, Napa, and Santa Clara Counties, this allocation shall be made to the county director or chief of corrections.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26 27

28

29

30

31

32

33

34

3536

37

38

39

- (2) Five and fifteen one hundredths percent to the district attorney for criminal prosecution.
- (3) Thirty-nine and seven tenths percent to the county and the cities and districts within the county in accordance with the relative population of the cities and districts within the county and the unincorporated area of the county as specified in the most recent January estimate by the population research unit of the Department of Finance, and as adjusted to provide a grant of at least one hundred thousand dollars (\$100,000) to each law enforcement jurisdiction. For a newly incorporated city whose population estimate is not published by the Department of Finance, but that was incorporated prior to July 1 of the fiscal year in which an allocation from the SLESF is to be made, the eity manager, or an appointee of the legislative body, if a city manager is not available, and the county administrative or executive officer shall prepare a joint notification to the Department of Finance and the county auditor with a population estimate reduction of the unincorporated area of the county equal to the population of the newly incorporated city by July 15, or within 15 days after the Budget Act is enacted, of the fiscal year in which an allocation from the SLESF is to be made. No person residing within a district shall also be counted as residing within the unincorporated area of the county, or within any city. The eounty auditor shall allocate a grant of at least one hundred thousand dollars (\$100,000) to each law enforcement jurisdiction. Moneys allocated to the county pursuant to this subdivision shall be retained in the county SLESF, and moneys allocated to a city pursuant to this subdivision shall be deposited in a SLESF established in the city treasury.
- (4) Fifty percent to the county or city and county to implement a comprehensive multiagency juvenile justice plan as provided in this paragraph and to the Board of Corrections for administrative purposes. Funding for the Board of Corrections, as determined by the Department of Finance, shall not exceed two hundred seventy-five thousand dollars (\$275,000). For the 2003–04 fiscal year, of the two hundred seventy-five thousand dollars (\$275,000), up to one hundred seventy-six thousand dollars (\$176,000) may be used for juvenile facility inspections. The

-10

juvenile justice plan shall be developed by the local juvenile justice coordinating council in each county and city and county with the membership described in Section 749.22 of the Welfare and Institutions Code. If a plan has been previously approved by the Board of Corrections, the plan shall be reviewed and modified annually by the council. The plan or modified plan shall be approved by the county board of supervisors, and in the case of a city and county, the plan shall also be approved by the mayor. The plan or modified plan shall be submitted to the Board of Corrections by May 1, 2002, and annually thereafter.

- (A) Juvenile justice plans shall include, but not be limited to, all of the following components:
- (i) An assessment of existing law enforcement, probation, education, mental health, health, social services, drug and alcohol, and youth services resources that specifically target at-risk juveniles, juvenile offenders, and their families.
- (ii) An identification and prioritization of the neighborhoods, schools, and other areas in the community that face a significant public safety risk from juvenile crime, such as gang activity, daylight burglary, late-night robbery, vandalism, truancy, controlled substances sales, firearm-related violence, and juvenile substance abuse and alcohol use.
- (iii) A local juvenile justice action strategy that provides for a continuum of responses to juvenile crime and delinquency and demonstrates a collaborative and integrated approach for implementing a system of swift, certain, and graduated responses for at-risk youth and juvenile offenders.
- (iv) Programs identified in clause (iii) that are proposed to be funded pursuant to this subparagraph, including the projected amount of funding for each program.
- (B) Programs proposed to be funded shall satisfy all of the following requirements:
- (i) Be based on programs and approaches that have been demonstrated to be effective in reducing delinquency and addressing juvenile crime for any elements of response to juvenile crime and delinquency, including prevention, intervention, suppression, and incapacitation.
- (ii) Collaborate and integrate services of all the resources set forth in clause (i) of subparagraph (A), to the extent appropriate.

—11— SB 732

(iii) Employ information sharing systems to ensure that county actions are fully coordinated, and designed to provide data for measuring the success of juvenile justice programs and strategies.

- (iv) Adopt goals related to the outcome measures that shall be used to determine the effectiveness of the local juvenile justice action strategy.
- (C) The plan shall also identify the specific objectives of the programs proposed for funding and specified outcome measures to determine the effectiveness of the programs and an accounting for all program participants, including those who do not complete the programs. Outcome measures of the programs proposed to be funded shall include, but not be limited to, all of the following:
 - (i) The rate of juvenile arrests per 100,000 population.
 - (ii) The rate of successful completion of probation.
- (iii) The rate of successful completion of restitution and court-ordered community service responsibilities.
- (iv) Arrest, incarceration, and probation violation rates of program participants.
- (v) Quantification of the annual per capita costs of the program.
- (D) The Board of Corrections shall review plans or modified plans submitted pursuant to this paragraph within 30 days upon receipt of submitted or resubmitted plans or modified plans. The board shall approve only those plans or modified plans that fulfill the requirements of this paragraph, and shall advise a submitting county or city and county immediately upon the approval of its plan or modified plan. The board shall offer, and provide if requested, technical assistance to any county or city and county that submits a plan or modified plan not in compliance with the requirements of this paragraph. The SLESF shall only allocate funding pursuant to this paragraph upon notification from the board that a plan or modified plan has been approved.
- (E) To assess the effectiveness of programs funded pursuant to this paragraph using the program outcome criteria specified in subparagraph (C), the following periodic reports shall be submitted:
- (i) Each county or city and county shall report, beginning October 15, 2002, and annually each October 15 thereafter, to the county board of supervisors and the Board of Corrections, in a format specified by the Board of Corrections, on the programs

-12

funded pursuant to this chapter and program outcomes as specified in subparagraph (C).

- (ii) The Board of Corrections shall compile the local reports and, by March 15, 2003, and annually thereafter, make a report to the Governor and the Legislature on program expenditures within each county and city and county from the appropriation for the purposes of this paragraph, on the outcomes as specified in subparagraph (C) of the programs funded pursuant to this paragraph and the statewide effectiveness of the comprehensive multiagency juvenile justice plans.
- (c) Subject to subdivision (d), for each fiscal year in which the county, and each city, and district receive moneys pursuant to paragraph (3) of subdivision (b), the county, each city, and each district shall appropriate those moneys in accordance with the following procedures:
- (1) In the ease of the county, the county board of supervisors shall appropriate existing and anticipated moneys exclusively to provide frontline law enforcement services, other than those services specified in paragraphs (1) and (2) of subdivision (b), in the unincorporated areas of the county, in response to written requests submitted to the board by the county sheriff and the district attorney. Any request submitted pursuant to this paragraph shall specify the frontline law enforcement needs of the requesting entity, and those personnel, equipment, and programs that are necessary to meet those needs. The board shall, at a public hearing held at a time determined by the board in each year that the Legislature appropriates funds for purposes of this chapter, or within 30 days after a request by a recipient agency for a hearing if the funds have been received by the county from the state prior to that request, consider and determine each submitted request within 60 days of receipt, pursuant to the decision of a majority of a quorum present. The board shall consider these written requests separate and apart from the process applicable to proposed allocations of the county general fund.
- (2) In the case of a city, the city council shall appropriate existing and anticipated moneys exclusively to fund frontline municipal police services, in accordance with written requests submitted by the chief of police of that city or the chief administrator of the law enforcement agency that provides police

—13 — SB 732

services for that city. These written requests shall be acted upon by the city council in the same manner as specified in paragraph (1) for county appropriations.

- (3) In the case of a district, the legislative body of that district shall appropriate existing and anticipated moneys exclusively to fund frontline municipal police services, in accordance with written requests submitted by the chief administrator of the law enforcement agency that provides police services for that district. These written requests shall be acted upon by the legislative body in the same manner specified in paragraph (1) for county appropriations.
- (d) For each fiscal year in which the county, a city, or a district receives any moneys pursuant to this chapter, in no event shall the governing body of any of those recipient agencies subsequently alter any previous, valid appropriation by that body, for that same fiscal year, of moneys allocated to the county or eity pursuant to paragraph (3) of subdivision (b).
- (e) Funds received pursuant to subdivision (b) shall be expended or encumbered in accordance with this chapter no later than June 30 of the following fiscal year. A local agency that has not met this requirement shall remit unspent SLESF moneys to the Controller for deposit into the General Fund.
- (f) If a county, a city, a city and county, or a qualifying district does not comply with the requirements of this chapter to receive an SLESF allocation, the Controller shall revert those funds to the General Fund.